

## Message Text

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ACTION L-03

INFO OCT-01 IO-13 ISO-00 AF-10 ARA-10 EA-10 EUR-12  
NEA-10 EB-08 AID-05 CIAE-00 COME-00 FRB-03 INR-07  
NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02  
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FM USMISSION USUN NEW YORK  
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E.O. 11652: N/A  
TAGS: UNGA, EGEN  
SUBJ: ILLICIT PAYMENTS WORKING GROUP

1, ON DECEMBER 1, MISOFFS MET WITH ALBERTO JIMENEZ, DEPUTY EXECUTIVE DIRECTOR OF THE CENTRE ON TRANSNATIONAL CORPORATIONS, AND SENIOR SECRETARIAT OFFICIAL DEALING WITH THE ILLICIT PAYMENTS EXERCISE. JIMENEZ SAID THAT HE SAW THREE PROBLEM AREAS IN CONNECTION WITH THE FORTHCOMING MEETINGS OF THE ILLICIT PAYMENTS WORKING GROUP:

(A) LEADERSHIP -- IT IS NECESSARY TO FIND SOMEONE TO REPLACE PARSI (IRAN). JIMENEZ HAS INFORMALLY CANVASSED THE OTHER REGIONAL GROUPS AND FOUND THE ASIANS TO BE INDIFFERENT AND THE AFRICANS INCLINED TO SUPPORT A LATIN AMERICAN CANDIDATE. THE LATIN AMERICANS WILL CAUCUS ON THIS ISSUE AND MAY COME UP WITH A PROPOSED CANDIDATE. JIMENEZ WILL KEEP IN TOUCH WITH US ON THIS. WE ALSO ASKED FOR ADVICE ON WHO WOULD BE THE BEST LATIN AMERICAN CANDIDATE AND HE PROMISED TO LET US KNOW LATER.

(B) QUORUM -- THE SECRETARIAT PLANS TO TREAT THE QUOROM REQUIREMENTS OF ECOSOC RESOLUTION 2122 ("QUORUM OF FOUR STATES FROM EACH INTERESTED GEOGRAPHICAL GROUP") AS SIMPLY LIMITED OFFICIAL USE

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EXCLUDING THE REQUIREMENTS FOR SOVIET BLOC PARTICIPATION. ECOSOC SECRETARIAT WILL BE SENDING INVITATIONS TO ALL MEMBER STATES NEXT WEEK. JIMENEZ BELIEVES THAT FOUR POSITIVE RESPONSES FROM ALL NON-SOVIET REGIONAL GROUPS WILL SUFFICE TO BRING THE COMMITTEE INTO BEING. HE DOES NOT ANTICIPATE ANYONE SUBSEQUENTLY RAISING THE QUORUM ISSUE UNLESS SUBSTANTIVE PROBLEMS DEVELOP DURING THE NEGOTIATIONS.

(C) SUBSTANCE -- JIMENEZ OFFERED HIS PERSONAL OPINION THAT THERE WAS NO GENUINE DEVELOPING COUNTRY SUPPORT FOR THE ILLICIT PAYMENTS INITIATIVE (EXCEPT FOR IRAN). RATHER, THE DEVELOPING COUNTRIES VIEW THIS EXERCISE AS SOMETHING THE U.S. (AND OTHER DEVELOPED COUNTRIES) WANTED AND THUS AN OPPORTUNITY TO BARGAIN FOR THINGS IN BASICALLY UNRELATED AREAS. FOR EXAMPLE, THE AFRICAN GROUP SOUGHT TO OBTAIN A DEFINITION OF ILLICIT PAYMENTS TO COVER ALL PAYMENTS TO SOUTH AFRICA. JIMENEZ COMMENTED THAT ONE RESULT OF THIS GENERAL LACK OF SUPPORT OF THE ILLICIT PAYMENTS INITIATIVE WAS THAT THE NEGOTIATIONS WOULD BE COLORED BY EXTRANEous DEVELOPMENTS SUCH AS G-77 ATTITUDES TOWARD THE LACK OF THE PROGRESS IN THE COMMON FUND NEGOTIATIONS. HE SAID THAT THE EUROPEANS ALSO DID NOT REALLY SUPPORT THE INITIATIVE BUT WERE BEING SMART AND LETTING THE DEVELOPING COUNTRIES CARRY THE BURDEN OF OPPOSITION. INTERESTINGLY, JIMENEZ DID NOT MAKE A DIRECT LINK BETWEEN ILLICIT PAYMENTS AND PROGRESS ON THE GENERAL CODE OF CONDUCT OTHER THAN IN TERMS OF GENERAL ATMOSPHERICS. HE DIS SUGGEST, HOWEVER, THAT A PREAMBULAR REFERENCE IN THE ILLICIT PAYMENTS TEXT TO THE GENERAL CODE OF CONDUCT MIGHT BE COSMETICALLY USEFUL.

2. ON A RELATED ISSUE, JIMENEZ STOUTLY DEFENDED THE RIGHT OF THE SECRETARY GENERAL TO MAKE RECOMMENDATIONS ON THE BASIS OF REPORTS SUBMITTED BY EXPERT BODIES. THUS HE FELT THAT RECOMMENDATIONS IN THE INTRODUCTION TO E/C.10/33 LIMITED OFFICIAL USE

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(INTERNATIONAL STANDARDS OF ACCOUNTING AND REPORTING FOR TRANSNATIONAL CORPORATIONS) WERE APPROPRIATE EVEN IF THEY DID NOT ACCORD WITH THE VIEW OF MEMBER STATES.

3. MISSION WILL BE CONTACTING DELEGATIONS WHO PARTICIPATED IN PREVIOUS MEETINGS OF THE ILLICIT PAYMENTS WORKING GROUP AS WELL AS OTHERS TO SEE IF WE CAN GENERATE ENOUGH POSITIVE RESPONSES TO MEET THE QUORUM REQUIREMENTS. SHOULD THIS EFFORT FAIL HERE, IT MAY BE NECESSARY TO CONSIDER APPROACHING CAPITALS. SIMILARLY, WE WILL LOOK OVER THE FIELD AND POSSIBLY MAKE A RECOMMENDATION ABOUT A CHAIRMAN FOR THE WORKING GROUP.

4. WITH REGARD TO THE SYG RECOMMENDATIONS IN THE STANDARDS OF ACCOUNTING REPORT, MISSION WOULD ONLY NOTE THAT THE U.S. HAS TRADITIONALLY PRESSED THE SYG TO EXHIBIT A GREATER DEGREE OF ACTIVISM, WHATEVER THE VIEWS OF PARTICULAR MEMBER STATES. BY CONTRAST, THE USSR HAS TRADITIONALLY SOUGHT A PASSIVE, PURELY ADMINISTRATIVE SYG. WE HAVE NO PROBLEMS IN TAKING ISSUE WITH THE SYG RECOMMENDATIONS; HOWEVER, WE WOULD NOT WISH TO QUESTION HIS RIGHT TO MAKE SUCH RECOMMENDATIONS.

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